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## **Certification according to requirements of "Halal" standard: theoretical and practical aspects**

**Abstract.** Article is devoted to theoretical and practical aspects of goods and foods certification according to requirements of "Halal" standard. In Ukraine as like as in many other European countries, which are specialized also in export of food products, pharmaceuticals and cosmetics to Muslim countries, exists interest in sphere of their certification according to "Halal" standard requirements. Today many European exporters consider that system of "Halal" standards has made serious barriers for trade with Muslim countries. Thus, our research is focused on analysis of "Halal" food industry development and ways to improve export potential of European countries towards "Halal" certification for food, medicaments and cosmetics that they produce for markets of Muslim countries. Traditionally biggest "Halal" food exporters are non-Muslim countries where exist only Muslim minorities (ethnic groups or immigrants and refugees). Anyhow awareness of consuming Halal food and goods also come from non-Muslims that are caused by safety and freshness of food and higher quality of goods. Thus, essential issue for Ukraine is implementation procedures of governmental control under activity and validation of international accreditation of Ukrainian "Halal" certification centers.

**Key words:** "Halal" certification, export potential, trade with Muslim countries.

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## **Сертифікація відповідно до вимог стандарту «Халяль»: теоретичні та практичні аспекти**

**Анотація.** Стаття присвячена теоретичним та практичним аспектам сертифікації продовольчої та непродовольчої продукції згідно вимог стандарту «Халяль». В Україні, так само як і у багатьох інших європейських країнах, які спеціалізуються на експорті харчових продуктів, косметики та ліків до мусульманських країн, існує інтерес у їх сертифікації згідно до вимог стандарту «Халяль». Сьогодні багато європейських експортерів вважають, що система стандартів «Халяль» створила серйозні перепони для торгівлі з мусульманськими країнами. Тому наше дослідження спрямовано на аналіз розвитку «Халяль» індустрії продовольчих товарів і шляхів посилення експортного потенціалу європейських країн через «Халяль» сертифікацію харчових продуктів, ліків і косметики, які вони виробляють для ринків мусульманських країн. Установлено, що традиційно провідними експортерами халяльної харчової продукції стають немусульманські країни, де є лише незначний відсоток мусульманського населення (етнічні групи або іммігранти й біженці). Втім інтерес до споживання халяльних продовольчих та непродовольчих товарів простежується також й серед немусульман, що зумовлено безпекою та свіжістю харчових продуктів і високою якістю непродовольчих товарів. Отже, нагальним питанням для України є запровадження процедур державного контролю за діяльністю та підтвердженням міжнародної акредитації українських центрів сертифікації «Халяль».

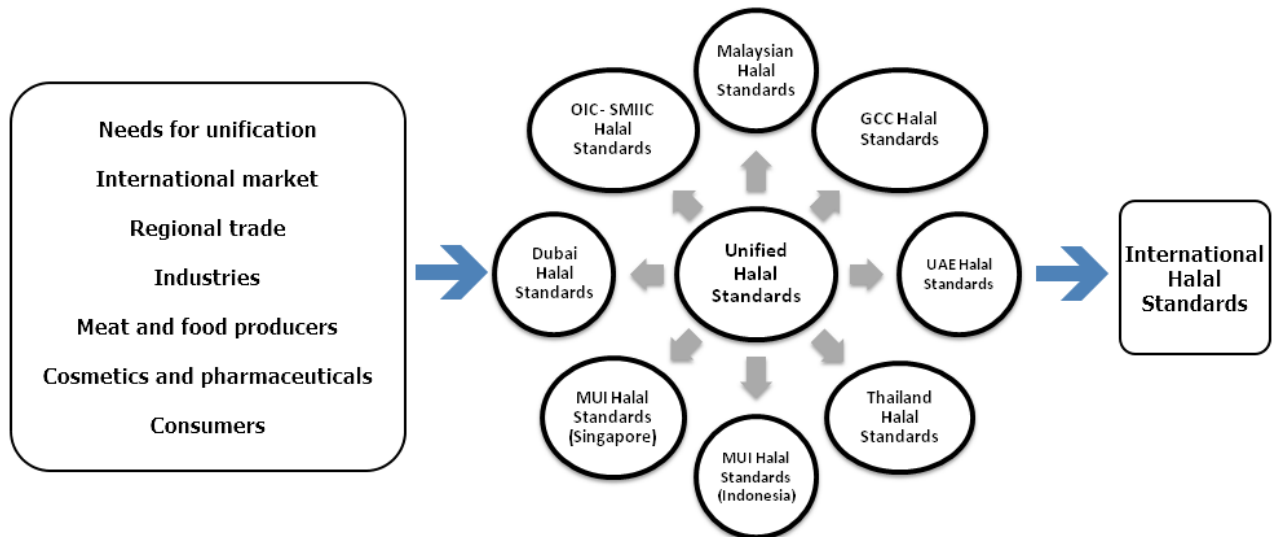
**Ключові слова:** «Халяль» сертифікація, експортний потенціал, торгівля з мусульманськими країнами.

During recent decades in Europe as like as in Ukraine we can observe a growth of Muslim population and consumption of “Halal” food that is caused not only by demographic factors as traditional for these communities high fertility rate. Political, socio-economic and cultural changes in the world today make more initial influence on changes in segmentation of domestic and international food markets as like as on consumers behavior and food preferences among people who belong to Muslim community and even those, who has other faith. Today emerging Muslim population (in Muslim and non-Muslim countries) provides a new segment in contemporary food market. Despite intensive development of Muslim consumer segment nowadays we can observe initiatives of leading Asian countries like Malaysia, Indonesia and others to develop “Halal” standards, quality assurance and quality management systems, as like as create of “Halal” certification centers around the world. European food manufacturers also invest in development of “Halal” industry: some retailers included fresh “Halal” meat into their assortments and manufacturers have started export of “Halal” food and goods to Muslim countries. Most of “Halal” products are channeled through the Netherlands to serve “Halal” markets within Europe, Middle East and Africa. Caused by spreading scare in world regarding food safety and security, such as threat of diseases, there is strong evidence that non-Muslims now prefer “Halal” foods for additional safety, hygiene and quality assurance features. People believed that the production of “Halal” foods requires strict ingredients, therefore, reducing probability of contamination [1, p .112-115].

New segment of “Halal” products and services now is becoming more substantial: its industry concerns not only about slaughtering animals in accordance with Islamic law anymore; it also includes goods and food, lifestyle and even services. Word “Halal” in Islam means “legal” or “permitted”. It can be defined as anything that is permitted by God. Emerging interest to “Halal” food and its certification around the world is related with modern trends in quality and healthcare assurance standards (see figure 1).

Nowadays “Halal” industry becomes one of the fastest growing business activities in scope of global market. It covers sector such as finance, tourism, service, transportations, food and goods producing. Food is the essential thing in human life and

the market potential for “Halal” here is very promising with Islam as the intensive growing religion in the world. Today Halal food market segment is one of the largest consumer markets in the world as reported by Thomson Reuters in Global Islamic Economy Report (see table 1).



**Figure 1. Regional and national “Halal” standards.**

**Table 1. “Halal” market scope (2018)**

#	Region of the world	Muslim population, millions	Annual “Halal” food consumption, billions USD
1	Europe (leaders: France, UK)	52.19	over 66.00 (France - 17.00, UK - 18.00)
2	Asia	1085.27	over 385.685
3	Africa	461.77	over 88.440
4	South America (leader – Brazil)	1.64	over 820.00
5	Northern America (leader – USA)	8.26	over 14.445 (USA 13.00)

Previous studies, that was conducted by Ukrainian and foreign scholars [7, p. 239], indicate that emergence of Halal sector of global food market is directly related with is growing Muslim population in the world that estimated 2.2 billion people in 2030. “Halal” food market will continue to be a leading sector of global food market because of each member of Muslim community is obliged to consume “Halal” food despite whether they live – in Muslim majority or minority countries.

Nowadays interest to consuming “Halal” food comes from Moslims and non-Muslims because they both think that it is safer to purchase natural and healthy products. Besides that, focus on shelf life and freshness needed for food causes why “Halal” food industry is very attractive for business. This condition boosted the emergence and growth

of “Halal” food market with the broad acceptance among non-Muslim consumers who consider this food as more safe, hygienic, higher quality and wholesome products. Such opportunity has been grabbed by developed countries like Japan, United Kingdom and Australia that are mostly depend on high-tech and electronic manufacturing. They consider that “Halal” food market segment catalyses development of other potential sectors that can be affected negatively from economic turmoil [2, p. 4-5].

Asian countries with biggest Muslim population are rich with natural resources (oil, gas, agricultural and food). Developing countries from this region like Malaysia, Indonesia and Thailand who intensively develop their “Halal” industry have got potential power to become in the nearest future World “Halal” centers. However, most of Halal food exporters come from non-Muslim countries such as Australia, Canada, France and New Zealand, where live Muslim diasporas (see table 2).

**Table 2. Global interest in development of “Halal” food industry (2018)**

#	Country	Interests
1	Australia	Regional leader, first top exporter of “Halal” meat (red meat) to Muslim-majority countries.
2	Brazil	World’s second top exporter of meat and peltry to Muslim-majority countries after Australia.
3	China	Set to become the net importer of food products including “Halal” F&B by the next decade.
4	Japan	“Halal” is one of the key source of contributors to Japan’s economy by 2020.
5	Malaysia	Country is regional leader in “Halal” export (over 11 billion USD), largest exporter of “Halal” ingredients for food industry. Export destinations: China, USA, Indonesia, Japan.
6	Thailand	Domestic “Halal” food market grows annually around 2.0 % and more than 8000 companies are involved in “Halal” food industry.
7	UAE	Aim to be the Sharia-compliant center of the world. Focus will be on Islamic Banking and “Halal” businesses.
8	UK	“Halal” food imports are valued at about GBP over 18 billion USD annually.
9	USA	“Halal” market segment is estimated at 18 billion USD.

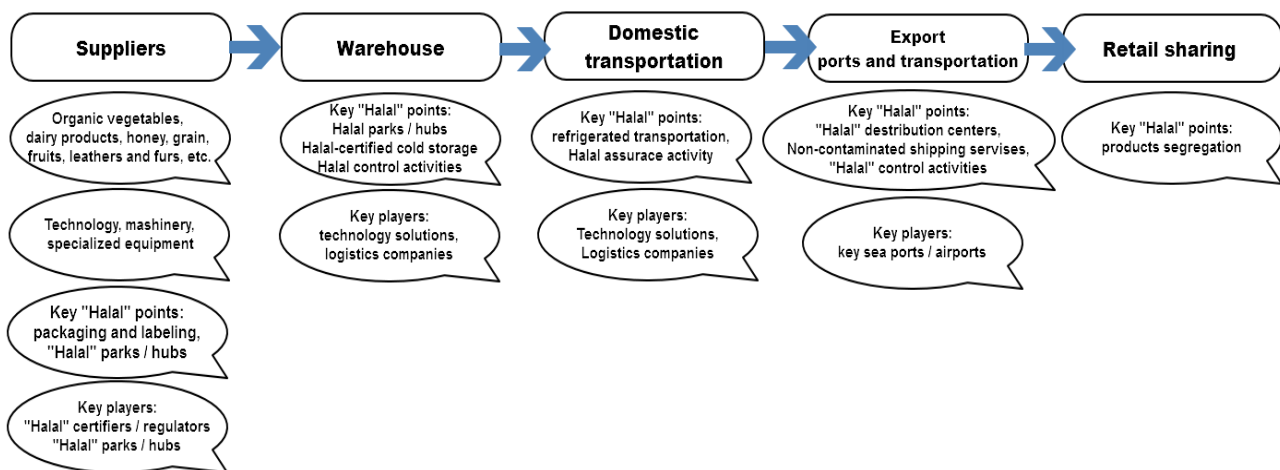
Within last decade intensive development of “Halal” industry has caused interest to “Halal” certification and growing demand on certified “Halal” products in both Muslim and Non-Muslim countries [3, p. 37-38]. During this period, governments of Muslim countries also began focusing on this area and providing support for development and implementation of “Halal” standards, certification and policies. For example, Gulf countries have begun focusing on this area which prompted OIC to establish a formal

committee to work on Unified Halaal standard development for all its member states and other Muslim countries. Among Muslim countries Malaysia is forerunner and leader of “Halal” industry because it was the first country where government supported establish and implementation of “Halal” certification at state level and, as a result, Malaysian mStandard becomes background for creation system of “Halal” standards that were developed by other Muslim countries. Thailand in 1948 also has passed legislation regarding its own “Halal” standard despite it was not even a Muslim country. Thailand government has realised needs of its Muslim diasporas and granted by this way to them these legal rights.

Meanings of “Halal” (allowed) and “Haram” (prohibited) was described in Quran and Sunnah more than 1400 years ago. We can find approximately seven verses in Quran in which “Halal” standards have been explained and Hadith provide further explanation of these principles importance. Interpretations of Quran and Sunnah represented in a well-organized and systematic form is called “Islamic Fiqh” (jurisprudence) today becomes core values and principles of “Halal” Certification or Accreditation, have already been complied and explained according to Quran and Sunnah centuries ago. Despite this, today many non-Muslim countries specialized on food export have faced with issue of differences between national “Halal” standards that becoming an obstacle for businesses and a barrier for international trade. If we compare this issue with situation of ISO and BRC standards that doesn’t replace each other, because of they both assist to ensure the quality of any given product [4, p. 12-14].

But are roles of customs and traditions the same everywhere in the world? Are import and export policies the same? Are markets and environments the same? Surely not! Every country has its own legislation and whoever wants to do business with any specific country will have to abide by their legislation and fulfill all requirements for quality of products. The same situation we have with “Halal” standards: to export goods and food in Muslim country, company should meet national standards that usually have special features, caused by differences in their Fiqh. For example, “Halal” standards of Malaysia, Thailand, Pakistan, Dubai and SMIIC are on 95% the same, but taking in consideration that each “Halal” standard consists of two parts “Sharia”-based principles and Quality

management system, we can identify set of their special features. For example, no one of national “Halal” standards never promotes stunning before slaughtering. Thus, Pakistani “Halal” Standard prohibits stunning prior to slaughtering: “... meat of stunned animals may not be imported into Pakistan”. But some countries have allowed this because of they have own internal political constraints compelling them for that purpose. They are forced to import meat from other countries because they either have no livestock of their own, or they have too little livestock to meet the needs of domestic consumers. Islam has taught the entire method of slaughtering in which it has prohibited the slaughterer from causing any harm or difficulty to the animal prior to slaughtering it [5, p. 303]. Thus certification procedure should be done by internationally recognized “Halal” certification body (agency) that must to check Halal value assurance along whole chain of foods and goods consumption (see figure 2).



**Figure 2. . “Halal” consumption chain and quality assurance**

“Halal” certification also has a lot of controversial aspects like uncontrolled by government on national level so-called “Halal” certification centers, who have not any recognition from foreign “Halal” certification bodies or their associations like: (1) JAKIM (Islamic Development Department) - Malaysian certification body; (2) GIMDES (Association of Inspection and Certification for Food and Material Needs) - Turkey; (3) GCC (Gulf Cooperation Council); (4) ESMA (Emirates Authority for Standardization and Metrology) – UAE; (5) CEN (European Committee for Standardization); (6) IHI Alliance (International Halal Integrity Alliance); (7) SMIIC (Standards and Metrology Institute for Islamic Countries); (8) WHS (World Halal

Council); (9) WHFC (World Halal Food Council) and others. Such kind of local “Halal” certification centers can’t provide high quality consulting and certification services, because of lack of proficiency and practical experience in this field on their staff.

Other problematic issue is related with situation when exporting country should prepare the goods according standards of importing country. For example, if Brazil wishes to export chicken to Pakistan and production plant runs a system in which there is stunning or machine slaughter, the way forward is to open a stun free and machine-slaughter free zone and then to enjoy doing good business with Pakistan just like the Pakistani Government ensures that it fulfils conditions of countries from the European Union when it wants to export to them. If any country wishes to export food colourants to Pakistan, they may export any and every colour except E120 variations. One can see a clearer and far better balance in business through the examples which given above [6, p. 186]. The same balance cannot be achieved by setting up a single united Halaal standard and allowing each country to import and export whatever it wants. Anyhow, we consider that one should always first and ever to do that which is possible, thus, there is no sense in neglecting and losing the possible while trying to achieve the impossible.

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